

(f) Producer shall be on the Pork Quality Assurance Program, a HACCP program of America's Pork Producers, and shall be at Level III or working diligently to obtain Level III.

(g) Producer understands and acknowledges that, in light of the Term of this Agreement, industry standards for top quality, healthy and wholesome hogs may change over time. Morrell reserves the right upon reasonable written notice to Producer to modify or supplement the specifications set forth on Schedule B and the other standards of quality described herein and/or to establish additional standards of quality consistent with evolving industry standards for quality.

SECTION 5. DELIVERY AND SCHEDULE OF SHIPMENTS.

(a) Producer agrees to arrange with the Morrell hog buyer assigned to Producer, weekly hog deliveries to Morrell's Sioux City and Sioux Falls plants by the Thursday preceding the next Delivery Week. Unavoidable changes in that schedule will be permitted only by agreement between Morrell and the Producer reached at least twenty-four (24) hours before delivery.

(b) Morrell may require Producer to deliver to an alternate site within 200 miles of the Sioux Falls plant upon twenty-four (24) hours advance notice. Actual freight charge differentials resulting from delivery to other sites shall be paid by Morrell within ten (10) days of written notification by Producer. The parties shall mutually agree upon the freight charge differential in advance of any alternate site delivery.

(c) Inspection, sorting and weighing shall be performed by Morrell at the delivery location or the plant. Morrell reserves the right to reject any hog that is crippled, lame, sick, overfilled, or otherwise unmerchantable, or that is otherwise not in compliance with the specifications and other standards of quality contained in Section 4 of this Agreement.

(d) Morrell shall keep all necessary records with respect to the receipt, weighing, and payment of all livestock in accordance with its regular record retention and destruction schedule. Producer may inspect such records during normal business hours at locations designated by Morrell on reasonable notice by Producer to Morrell. Morrell shall supply copies of such records as Producer may reasonably request at Producer's expense.

(e) Title and risk of loss on the hogs shall pass from Producer to Morrell upon slaughter of the hogs at Morrell's plant.